

COUNCIL ACTION FORM

SUBJECT: POWER PLANT MOTOR REPAIR CONTRACT RENEWAL

BACKGROUND:

Electric Services' two coal-fired, high-pressure steam turbine electric generating units are referred to as Units No. 7 and 8. These units require regular professional maintenance and repair. This work consists of regularly planned repairs and services during scheduled outages, as well as emergency service. The repair of these generating units requires professional trade workers such as boilermakers, electricians/control technicians, steam/pipe fitters, and millwrights, to list a few. The units operate under environmental conditions with high heat and high pressure.

Due to these operational conditions, numerous motors are necessary to safely and reliably operate the Power Plant. All of this equipment must be professionally maintained, serviced, adjusted, repaired, and rebuilt. It is not possible for staff to adequately maintain this electrical equipment due to manpower constraints and the specialized nature of the repairs.

Rather than bid and obtain prices for this work multiple times per year with the inconsistency of work and quality as different vendors participate, this work is outsourced on an annual, renewable contract basis. This process reduces the City's exposure to market forces regarding prices and availability for labor, travel, and supplies in preparation for a scheduled outage. City staff will save considerable time obtaining quotes, evaluating proposals, preparing specifications, and other procurement documentation.

On February 25, 2014, City Council awarded a contract to Electrical Engineering and Equipment Co., Windsor Heights, Iowa, for motor repairs to be performed as requested from award date through December 31, 2014, in an amount not-to-exceed \$94,000.

This contract has an option for the City to renew in one-year increments for up to four additional years. The contract was renewed once for the time period from January 1, 2015 to through December 31, 2015. **Council should note that this second contract renewal will be for the time period of January 1, 2016 through June 30, 2016. Previous contract terms have been for one calendar year. This new timeframe will enable future renewals to coincide with the City's fiscal year.**

This option includes a rate provision which increases rates at fixed percentages above the previous fiscal year contracted rates at time of renewal. The fixed rates for 2016

include labor increases of 1.5% and travel & subsistence increases of 1%. These increases are in accordance with the contract terms initially established. Council should note that is the second out of four possible renewals.

The approved FY 2015/16 operating budget for Electric Production includes \$115,000 for this work, of which \$95,500 remains. Payments would be calculated on unit prices bid and actual work performed, up to the available budget amount.

ALTERNATIVES:

1. Approve the contract renewal with Electrical Engineering and Equipment Co., Windsor Heights, Iowa, for the Motor Repair Contract for the six-month period from January 1, 2016, through June 30, 2016, and approve the contract and bond. Repairs will be scheduled on an as-needed basis and payments will be based on unit prices bid and actual work performed. Total repairs for the remainder of FY 2016 shall be an amount not-to-exceed \$95,500.
2. Do not renew the agreement and instruct staff to seek new competitive bids.

MANAGER'S RECOMMENDED ACTION:

This contract is necessary to properly maintain motors and to carry out emergency and scheduled repairs resulting from equipment failures. This contract should achieve a consistent, high quality diagnosis, repair and/or overhaul of a motor, and to return it to good operating condition with a minimum of delay and cost.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.



**ELECTRICAL ENGINEERING
AND EQUIPMENT CO.
2016 RATES**

DESCRIPTION	RATES
IN SHOP S.T.	\$68.30
IN SHOP O.T.	\$102.46
IN SHOP D.T	\$136.61
INSHOP SOLID STATE REPAIR	\$83.19
IN SHOP BALANCING, first hour	\$113.84
IN SHOP PRESSWORK	\$83.19
OUTSIDE S.T.	\$83.19
OUTSIDE O.T.	\$124.79
OUTSIDE D.T.	\$166.38
ON SITE SOLID STATE REPAIR, TROUBLE SHOOTING, PM'S	\$83.19
OT	\$124.79
DT	\$166.38
ON SITE VIBRATION ANALYSIS AND BALANCING	\$83.19
OT	\$124.79
DT	\$166.38
Mileage	\$0.94 / mile
CRAFT TRAVEL	\$82.37
MATERIAL COSTS:	Cost Plus 20%
Proposed Price Increase for Renewal Periods:	
Labor Rates:	1.5% per year
Travel & Subsistence:	1% per year

*** All labor rates listed above are per hour**